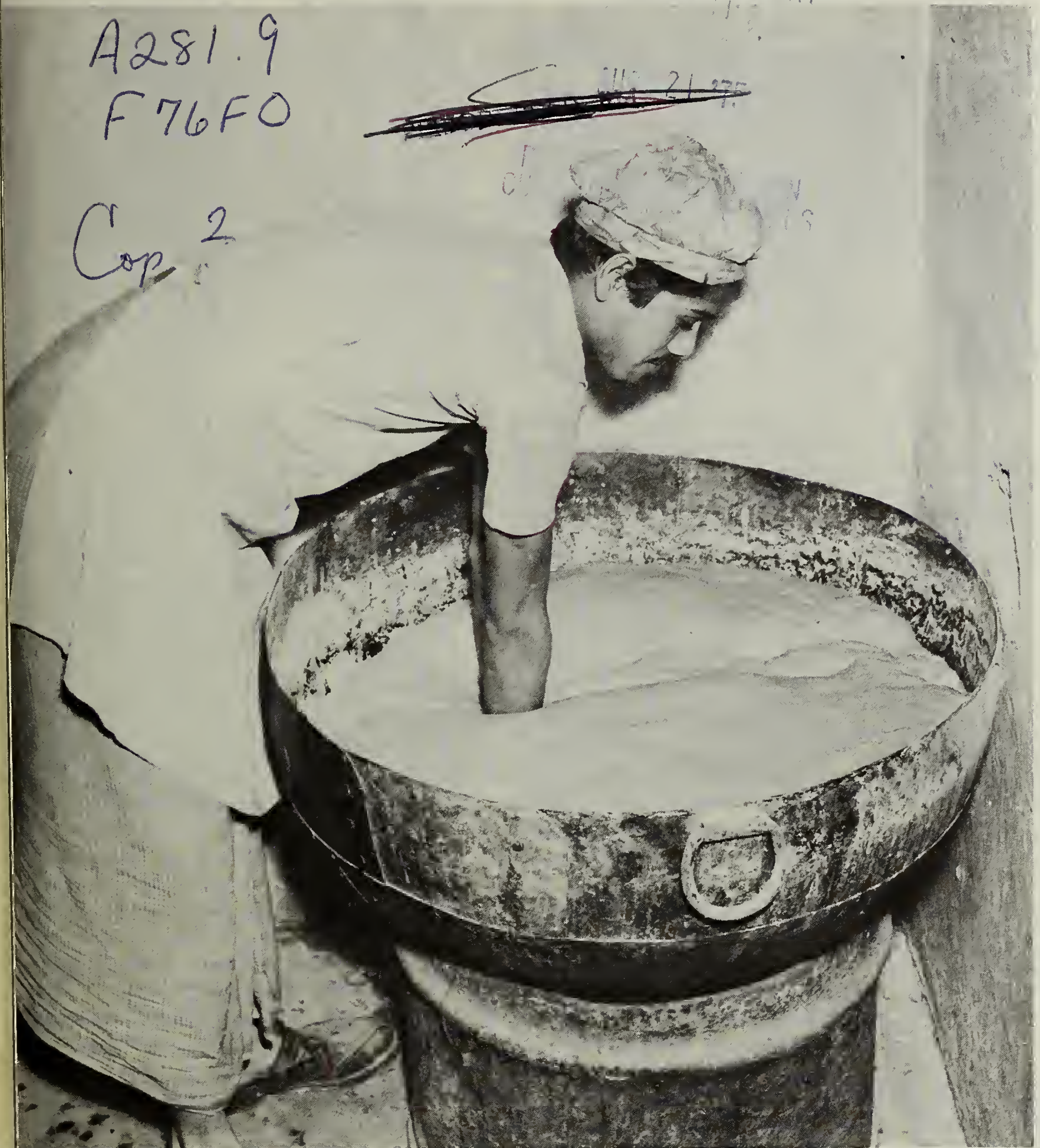
FOREIGN AGRICULTURE



kistani making bread.

August 4, 1975

Yugoslav Beef Problems

U.S.-Pakistan Trade

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

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This week's cover:

Pakistan is an important importer of U.S. bread wheat, buying large amounts commercially, although P.L. 480, Title I, shipments are also sizable. See article beginning page 10.

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Yugoslavia's Beef Problems May Affect Corn Imports

By JAMES R. HICKMAN
Commercial Export Programs
Foreign Agricultural Service

A SLUMP IN beef exports, a ban on live animal shipments, soaring production costs, and a consumption falloff are giving the Yugoslav beef industry its biggest headaches in history, although efforts to find new export markets are finally beginning to bear fruit. Even so, the grim picture is forcing many Yugoslav producers to cut back on livestock feeding, particularly of corn, which has been imported in substantial quantities from the United States in recent years.

At the heart of Yugoslavia's problems are restrictions on beef imports imposed by its major market—the European Community. Frozen and chilled beef, a top agricultural export, is particularly important as an earner of convertible currencies. Until February 1974, when the EC banned beef imports from third countries, the Community took about 60 percent of Yugoslavia's production. As a result of the ban, estimates suggest that Yugoslavia lost more than $100 million in foreign exchange in 1974.

Consequently, Yugoslavia was placed in the unusual position of accumulating stocks of beef. The volume of these stocks is unknown, but they reportedly totaled about 80,000 metric tons at one time. As stocks increased, the Yugoslavs were faced with a shortage of storage space and were forced to find storage outside of the country.

Compounding these difficulties, the Government attempted to counter rising production costs by allowing an increase in the wholesale and retail prices of meat. The increase at the retail level upped the price of veal and baby beef by 37 percent. This effort to give some financial relief to producers aggravated the meat problem, since domestic consumption declined due to the increased price.

Another complication was the Government's policy of restricting exports of live cattle. For the past several years, the Government has enforced this restriction, preferring to export the finished product rather than live young cattle, thus gaining the value factor for the Yugoslav producer. In 1972, Yugoslav exporters shipped over 150,000 head of live cattle. Owing to the export restriction, exports in 1974 were just slightly over 5,400 head.

In 1974, Yugoslavia exported approximately 35,000 tons (carcass weight) of baby beef—slightly over half of the volume of the previous year. Total production of beef, on the other hand, increased by approximately 10 percent to 302,000 metric tons, owing principally to higher slaughter because of the restriction on exports of live animals.

In spite of the ban, however, Yugoslavia was able to move 21,000 tons of beef to Italy, using a deposit system devised by the EC. Also, the USSR took 10,000 tons under bilateral agreements —not as desirable from the Yugoslav standpoint, but the necessity of moving the beef made any trade attractive at the time. The remaining 8,600 tons went to other destinations.

The recent combination of events has forced Yugoslav beef producers to cut back their feeding programs, thus reducing consumption of feedgrains. During the past few years, Yugoslavia has been a net importer of corn, mostly from the United States. This year, the heavy rains that damaged Yugoslav grain crops during late June and early July could lead to corn imports of 300,000 tons (see *Foreign Agriculture*, July 28, 1975).

But at the reduced level of feeding, Yugoslavia could now become self-sufficient in feedgrains or possibly emerge as a net exporter in favorable crop years. Producers and exporters, who have been severely injured by the EC action, will proceed with extreme caution in resuming their previous feeding levels or expanding them.

Mr. Hickman was previously U.S. Agricultural Attache, Belgrade.

Milking time for U.S.-origin Holstein-Friesians in Yugoslavia, below. Left, baby beef is prepared for the export market—sharply curtailed in the last year by the European Community's ban on beef imports from third countries.

Yet the export picture is not entirely bleak. Yugoslav efforts to establish new markets are now beginning to show results. A Belgrade firm, Radioelecktro, has signed an agreement with the Liberian firm "Spenta Shipping" for the sale of 11,000 tons of beef in exchange for concrete reinforcement steel, which is in short supply. The terms of the contract value the beef at $1,900 per ton, which is considerably above the current world price.

This favorable arrangement, plus the possibility of reducing the beef surplus and charges for meat stored abroad, makes this barter agreement very attractive to the Yugoslavs. The final destination for the beef is unknown, but some speculators predict that it will be sold to other West African countries.

Another recent contract between two Yugoslav firms—UPI Sarajevo and Grude Ljubljana—and the Libyan National Company in Tripoli is valued at $45 million. The agreement calls for delivery of 20,000 tons of baby beef, 1,250 tons of beef, and 25,000 tons of feeder cattle. In beef equivalent, this sale will bring the Yugoslav firms over $1,300 per metric ton.

In February-March of this year Yugoslav exporters shipped beef valued at $6.5 million to fill a contract with Libya signed late in 1974.

The three sales alone place the Yugoslav cattle industry in a much better position than it was at this time last year. Exporters are continuing to explore all possible markets, but it seems improbable that markets of sufficient volume will be found to compensate for losses in exports to the EC.

Prospects of resuming exports to the EC continue discouraging. The EC discontinued the 25 percent deposit on imports of beef at the end of March. The import ban was lifted on May 1 and replaced by a quota of 50,000 tons for imports of beef and/or live cattle and 67,500 head of feeder cattle from all sources. The 50,000-ton quota, however, is contingent on the EC being able to export a like amount. And it is not a guaranteed quota, but depends on successful bids for import licenses.

Thus, the EC's revised import restrictions leave the Yugoslavs in almost the same position on their beef exports as previously. The EC quota for feeder cattle imports may give some relief to Yugoslav producers, but this is not the preferred solution and they will resist as much as practical.

In yet another attempt to alleviate the beef and cattle situation, the Government has initiated a scheme to sell young Simmental cattle to private farmers, who will hold the animals on grass until they reached a predetermined weight. Then, cattle will be repurchased from the farmer at an agreed-on price for finishing in feedlots.

A desirable spinoff from such an operation will be the crossing of the native Busa with the superior Simmental. The Busa has been the largest single weakness in the industry and,

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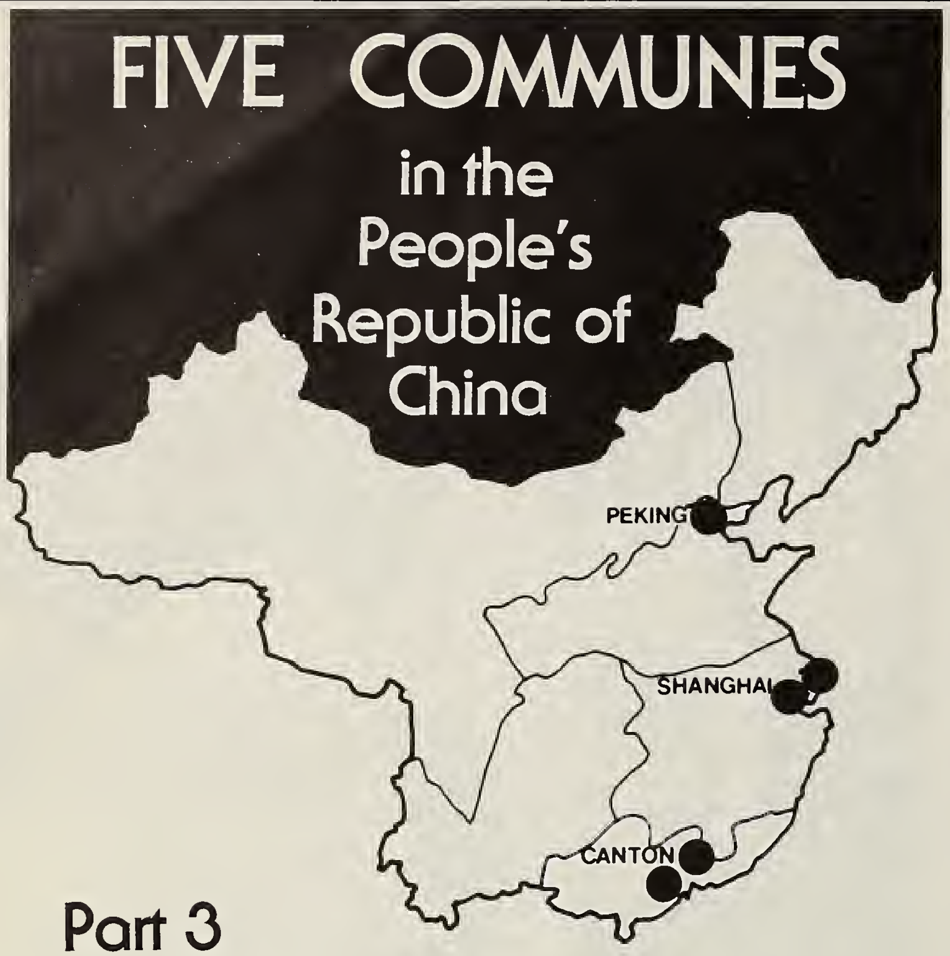
FIVE COMMUNES in the People's Republic of China



Part 3

China's Communes Point With Pride to Expanded Outturns and Yields

By HAROLD C. CHAMPEAU
U.S. Agricultural Officer
Hong Kong

A WIDE RANGE OF CROPS is grown at the five communes visited in late October-early November 1974. Grains dominate, except at the Lok Gang Commune, which specializes primarily in fruit production.

A common thread of favorable comparison (the present, compared with pre-Liberation China) ran through the talks held at the communes. The comparisons were impressive, and there can be no doubt that tremendous progress has been made in increasing yields and production, achieving self-sufficiency at the local level, and in delivering increasingly large quantities of grain and other commodities to the Central Government.

Another observation, which apparently is a continuing trend, is the northward march of double-cropped rice and the southward expansion of winter wheat—the latter serving primarily as the third grain crop in annual triple-cropping.

Rice, however, is the most striking of all China's grain crops. To the traveler, rice appears to be everywhere, dominating the landscape in both the north and south. At the Hua Tung Commune, 77 percent of total cultivated area is planted to rice—all of it double-cropped. Because China's rice production appears to be all-pervasive, it is difficult for the traveler to avoid the subjective impression that foreigners tend to underestimate the rice tonnages grown.

Grain. Effectively carrying out Chairman Mao's exhortation, "Take grain as the key link, and ensure all-around development," the communes visited are obtaining favorable results in grain production. Yields quoted must be considered above-average, because yields at the communes visited clearly are in this category.

At the Red Star China-Korea Friendship Commune, yields exceeded 2.3 tons per acre for a single rice crop. That commune reported 11 successive increases in grain production. (The important factor of sown area, and its role in such increases, was not determined).

At the Horse Bridge Commune, 12 successive record grain harvests were reported achieved "through the efforts of the commune members." The stress was on accumulated grain yields—i.e., total per acre yield of two rice crops plus one winter wheat crop. In 1973, the yield was 5.5 tons per acre—double the 1957 yields and triple the 1949 yields.

Also, officials in the Shanghai area distinguished among the components of the winter grains because of local terminology that lumps the three major winter grains as the three *mais*—*hsiao mai* (wheat), *ta mai* (barley), and *yuan mai* (naked barley).

At the Horse Bridge Commune, the percentage breakdown of winter grain grown in rotation between the late rice crop one year and the early rice crop the following year was wheat, 50; barley, 30; and naked barley, 20. Yields of these three *mais* average 1.6 tons per acre in 1974—a commune record.

According to one official, there are advantages to planting naked barley rather than wheat even though unit yields are lower. One is that naked barley can be harvested earlier and thus is preferable to winter wheat in a tight rotation schedule. Also, naked barley is claimed to be better than winter wheat for fattening hogs.

At the July 1 Commune, the rice varieties used primarily are Double Harvest No. 1 and Worker-Peasant No. 15. A basis for comparison of these

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Statements on production and yields in this article are those of officials at the five communes visited by the author. FAS does not necessarily agree with data presented. The facts and figures reported to the author by PRC officials are presented without analysis or comment.

varieties with known Western varieties was not available.

A commune-level seed department collects the best seed from each production brigade for distribution to brigades and teams. Generally, however, each brigade prefers to provide its own seed because it is better adapted to its own unique soil conditions.

There is an interesting contrast in claims of yields of the early rice crops compared with later rice crops. Officials of the July 1 Commune state that early rice is higher yielding than late rice, primarily because of better climatic conditions—more sunshine, in particular was mentioned.

At the Lok Gang Commune, officials claim that late rice crops produce better yields because there are fewer insects later in the season. This claim is made despite the heavy damage typically sustained from late-summer typhoons in that part of China.

Because of typhoon damage, there is a preference for short-stalked rice, which is not only more resistant to typhoon destruction but also is higher yielding. Much short-stalked rice can be seen, sometimes side by side with fields of longer stalked rice.

THE AFTEREFFECTS of typhoon damage in Kwangtung Province were observed, as were measures taken to reduce losses, including harvesting of lodged rice, which was then laid out to dry in fields that were still wet from rain, and mobilization of large numbers of commune members armed with long T-shaped poles who systematically pushed badly lodged rice back into upright positions in the hope that the rice would continue normal growth until ready for harvest.

Each commune is considered to be either at the stage of grain deficiency, self-sufficiency, above self-sufficiency (able to meet quotas set by the Central Government for grain deliveries), or able to make regular above-quota deliveries to the Central Government.

The large Red Star China-Korea Friendship Commune had been expected to deliver 9,000 metric tons of grain above the assigned 1974 total grain quota of 7,000 tons. At the time of the visit, the commune had already delivered 9,000 tons of wheat alone, and was preparing to make deliveries of rice and corn in addition to the wheat. Higher prices are paid for delivery of grain beyond quotas.

At the Horse Bridge Commune, 25 percent of the grain crop is sold to the Central Government. The rest remains on the commune, where part is distributed to members, part is stored, and part is fed to livestock. The July 1 Commune attained self-sufficiency in 1972, although as late as 1970 it had failed to meet its requirements for food, feed, seed, and storage, and was forced to obtain about 660 tons of grain from the Central Government—an average of about 77 pounds per member at that time.

By 1973, however, grain production exceeded requirements, and about 1,100 tons (about 130 sounds per person) went in storage at the commune. If this

Bales of Chinese cotton (left) in transit by riverboat. Workers at a commune in Honan Province (above) sell new cotton to the Central Government. Cotton had a good year in 1974.

type of progress is illustrative of gains made on other communes in this and other areas, the record of production increases may be properly said to be impressive.

The Hua Tung Commune reached the stage of grain self-sufficiency very early in its development—in 1956—2 years before its formal establishment as a commune. Prior to that, the cooperatives annually required an average of about 4 million pounds of grain from the Central Government.

Since 1957, when it became a surplus producer, the Hua Tung Commune has regularly made grain deliveries to the Central Government. With a bumper harvest in 1972—unlike most areas of China that year—the commune delivered about 12 million pounds of grain above quota—about 33 percent more. Such is the "new spirit of love of country," as it was described by one commune official.

Among Chairman Mao's many policy directives aimed at China's agricultural sector is his injunction to "store grain everywhere." In Peking, one commune official noted that grain was indeed stored at all levels—at communes, administrative areas, production brigades, and in individual households. Aside from that observation, however, no specific information on storage facilities was obtained.

The only other information gleaned on this apparently delicate subject was at the July 1 Commune, where officials noted that grain basically is stored at the production-team level, but is also stored at the commune level, where it is considered to be under the control of the Central Government. It is claimed that older grain is removed from storage when the new crop comes in and is sold to the Central Government or distributed within the commune.

While this practice guarantees a certain degree of turnover, it scarcely could be termed regular, periodic aeration action. Despite a determined effort to obtain additional information of grain storage policies and practices, it was virtually impossible to develop any information beyond these fragments.

The only industrial crops observed to any extent were cotton in the north and central regions and sugarcane in the south, along with a scattering of peanut fields near the Hua Tung Commune. Otherwise, industrial crops either were already harvested or not readily visible on the communes visited or from the railway routes traveled.

Cotton. One of the impressive aspects of cotton cultivation is its widespread planted areas. Fields were observed in most parts of northern and eastern China and on the three northern communes visited. Little or no cotton was observed in the Canton area, however.

It is difficult to make any assessment of the crop's condition from a moving train or car, because the fields were generally bare in mid-October, even though picking was to continue in the Shanghai area until late November-early December. Nor was it much easier to get an impression of the cotton crop even while standing in a commune field because cotton harvesting in China is a continual, selective picking process that leaves only scattered, small, immature bolls still visible in the fields. The mature cotton usually has already been picked at this time of year.

Bare cotton fields at one commune evoked the explanation from commune officials that a weather report of impending rain had led to the mobilization of a large number of workers who literally swept through the commune cotton fields with their baskets, leaving very little behind. Such practices make cotton crop estimating, even by experts, extremely difficult.

Cotton is planted directly, transplanted, or interplanted, depending on growing-season limitations and agrotechniques used. In the Shanghai area, the growing season is long—planting in late March-early April and picking from late September through late November-early December.

Yields may vary considerably, even in the same area. For example, 1973 average yields at the Horse Bridge Commune were about 794 pounds of ginned cotton lint per acre, while those at the July 1 Commune were about 956 pounds. The national average that year is estimated at about 384 pounds of ginned cotton lint per acre.

There were differences also in the distribution of harvested cotton, all of which appeared to be ginned on the communes where it was produced. At the Red Star China-Korea Friendship Commune, lint was sold to the Central Government and the seed kept on the commune—in part for seeding the following year and in part to provide cottonseed oil, one of the major vegetable oils in China.

In contrast, at the July 1 Commune seed is sold to the Central Government and the lint retained by the commune. On all communes, the workers actually engaged in cotton production were permitted to retain a share of the lint for their own use. Such shares vary considerably in size—1.1 pounds at the Red Star China-Korea Friendship Commune, 5.5 pounds at the Horse Bridge Commune, and 1.6 pounds at the July 1 Commune. In Shanghai, the cotton cloth ration coupon issued to each person is for 18.5 *chih*—about 6.5 yards—per year. There is no rationing of cloth made from manmade fibers, but price is believed to be a deterrent to heavy purchasing of such cloth.

Oilseeds. Little activity in oilseed production was noted in the northern regions visited. No fields of syobeans were observed, for example, and no information on China's important soybean crop was obtained. The transplanting of rapeseed produced yields of 3,373 pounds per acre. Peanuts, as far as could be determined, were grown only on a small scale on private plots in the July 1 Commune, but were a major crop outside the Canton area. Otherwise, it was not possible to learn much of substance about China's oilseed economy.

At the Hua Tung Commune, peanuts were planted on 1,680 acres —14 percent of the total cultivated area—and were the second most important crop after rice on the commune. The commune raised two peanut crops a year—one planted in January and the second planted in August and harvested in November.

In 1974, the early crop was a bumper crop—71 percent above that of the early crop of 1973. With sales to the Central Government of 275,575 pounds of peanut oil in 1973, the outlook was even better in 1974. A peanut-crushing mill visited at the Hua Tung Commune produced about 660 pounds of peanut oil per 8-hour shift. The oil was hauled away in tanker trucks. At the Lok Gang Commune, peanuts were planted only once a year and yields in 1974 were 1,405 pounds per acre. Yield data for the Hua Tung Commune were not obtained.

Sugar. China grows both sugarbeets and sugarcane, possibly on a ratio of

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U.S. Foods Displayed At Lagos Exhibition

Left, E. N. Kanu (right), official of a Nigerian firm importing U.S. rice, discusses its quality with two potential purchasers. Above, Lyle E. Moe, U.S. Agricultural Attaché, Lagos, looks on as John Daventport, exhibit manager, holds animated conversation with Johnson Agiri, Commissioner of Agriculture and Natural Resources, State of Lagos.

FOURTEEN exhibitors representing more than 50 U.S. food companies and agricultural producer groups came away from the first American Food Exhibit ever held in Nigeria impressed with two things:

- The export potential in this largely rural, oil-rich country lying almost on the equator along the Atlantic coast of Africa;
- The frustrations of doing business in a country where economic growth, surging dramatically since the oil price increases of the recent past, has outstripped the capacity of the transportation, distribution, and merchandising systems to handle it.

The port of Lagos, the Nigerian capital where the exhibit was held, is a nightmare of congestion. Up to 100 and more ships may be lying off the port at any given time, waiting for berths to offload cement, structural steel, wheat, baby food, beer bottle caps, radios, TV sets, automobiles—the necessities and niceties of a burgeoning economy.

The streets of Lagos swarm with an estimated million-plus inhabitants—on foot, in cars, jammed into and onto buses, careening on motorcycles through lanes of stalled traffic.

It can take all day to complete a telephone call.

The basic food retailing system is made up of thousands of individual Nigerian entrepreneurs with a street stall or a stand at the community market. There are 12 small supermarket chains and 9 wholesalers in the entire country, which has an estimated population of 80 million.

Despite the problems, 9 of the 10 exhibitors responding to a questionnaire after the show, recommended that the Foreign Agricultural Service, arranger of the food exhibit, sponsor a similar and larger event in Nigeria within the next year.

One of them explained it this way: "There is a lot of money here, and a shortage of everything."

The exhibit—held May 27-29 in the ballroom of the Mainland Hotel, for the Nigerian food trade—attracted about 400 caterers, food importers, wholesalers, and retailers. They looked at, and sometimes sampled, cookies, snacks, dry cereals, instant milk powder, rice, dry beans, canned foods and juices, health foods, baby foods, and other products, many new to the Nigerian market.

When the exhibit was over, they had placed orders for $532,000 worth of U.S. food products, and exhibitors projected additional sales of about $2.5 million for the 12 months following the show. Forty-four agents were signed to handle U.S. food products in the Nigerian market.

Three FAS market development cooperators were among the participants. They are the Michigan Bean Shippers Association, Poultry and Egg Institute of America, and Rice Council for Market Development.

Michigan Bean Soup a Hit

Soup made from Michigan beans was scheduled for the menu of the Mainland Hotel in Lagos, Nigeria, during the U.S. Food Exhibit there, but something happened!

The story was told by John A. McGill, Jr., Saginaw, Mich., executive vice president of the Michigan Bean Shippers Assoc.

"They don't raise our kind of beans here," McGill said, "so I taught the chef how to make Michigan bean soup. The *maitre d'hotel* said he'd like to put it on the menu the next day."

McGill brought a supply of beans to the kitchen, and told his fellow exhibitors to watch for Michigan bean soup on the next day's menu.

The next day—no soup.

"I asked the *maitre d'* what happened," McGill said, "and he told me the cook ate it all."

Higher World Food Prices Reported in July FAS Survey

Tourists and business travelers in July joined local consumers in paying generally higher prices for food in 15 selected capitals surveyed by the Foreign Agricultural Service.

The raw value of a meal consisting of a 4-ounce sirloin steak, tomato, bread, and butter, for example, on July 2 was $4.37 in Tokyo, $1.11 in Washington, and only 40 cents in Brasilia.

Food price index changes in the 15 countries included in the survey also are presented on these pages. On a 1-month basis, the United States and Japan experienced the smallest percentage increase among the 15 food price indexes. On a yearly basis, Argentina's prices reflect the highest inflationary trend.

In the period May 7-July 2, dollar prices of all food items included in the survey rose sharply in Buenos Aires and Brasilia, reflecting currency devaluation in Argentina and Brazil. In Argentina, the peso was devalued on June 6, and in Brazil the sixth devaluation of the cruzeiro in 1975 became effective on June 26.

Prices of pork chops and better cuts of beef rose sharply in most capitals. In Belgium, the butchers' association was successful in persuading the Government to permit price increases for meat, despite the general freeze on food prices that is in effect in that country.

London experienced further sharp increases in prices of pork as a result of a reduced level of hogs marketed for pork and bacon. Traditionally, this is the peak season for purchases of bacon by the hotel and catering trades.

In Washington and Ottawa, beef prices declined sharply between March and June, but the latest survey shows these prices up to the levels prevailing in January.

In Mexico City, ham prices returned to their previous levels following a month of special promotion activity.

Paris food stores now offer customers a new quality of bacon similar to that familiar to U.S. consumers. It sells for 45 percent less than the type of bacon previously priced.

In most countries, broiler prices were slightly higher.

The general trend of egg prices was down. In Brussels, for example, continued overproduction and reduced export opportunities resulted in a retail price drop of 21 percent, sending consumer prices to their lowest level in several years.

Since the addition in December 1974 of sugar to the list of foods covered by the survey, retail sugar prices have remained steady only in Brussels, Copenhagen, and Mexico City. In all other capitals, prices have fluctuated sharply. A downward trend in sugar prices has been experienced in Washington and Ottawa, but the reverse is

FOOD PRICE INDEX CHANGES IN SELECTED COUNTRIES

Country	Latest month	Index 1970=100	Percent change from: Prev. month	Three months	One year
Argentina	May	657.6	+1.5	+14.8	+69.4
Australia	May	156.3	+ .6	+ 3.6	+ 6.8
Belgium	May	140.2	+1.0	+ 2.9	+10.4
Brazil	May	268.2	+1.0	+ 3.1	+19.2
Canada	May	158.9	+1.1	+ 1.3	+11.0
Denmark	May	163.4	+2.1	+ 3.3	+13.6
France	May	156.5	+1.0	+ 3.4	+11.9
Germany	May	130.9	+1.2	+ 3.0	+ 5.3
Italy	May	110.4	+ .8	+ 2.9	+21.5
Japan	May	178.9	+ .3	+ 3.4	+15.6
Mexico	May	181.7	+2.5	+ 3.2	+13.1
Netherlands	May	138.2	+1.2	+ 2.4	+ 8.9
Sweden	May	146.3	+2.2	+ 3.0	+12.5
United Kingdom	May	205.1	+1.5	+ 9.4	+27.0
United States	May	149.5	+ .3	+ .1	+ 7.6

SURVEY OF RETAIL FOOD PRICES IN SELECTED WORLD CAPITALS, JULY 2, 197

[In U.S. dollars per lb, converted at current exchange rates]

City	Steak, sirloin, boneless	Roast, chuck, boneless	Pork chops	Ham, canned	Bacon, sliced, pkgd.	Broilers, whole	Eggs dozen	Butter	Cheese: Edam, Gouda, or Cheddar	Milk, whole, quart	Oil, cooking, quart	Tomatoes
Bonn	4.37	2.78	2.27	(1)	3.21	0.77	0.90	1.60	1.80	0.43	2.37	0.53
Brasilia	.77	.47	1.29	1.96	2.60	.55	.64	1.42	1.40	.24	1.32	.12
Brussels	4.05	2.03	1.94	2.51	1.44	1.05	.73	1.64	1.93	.42	1.30	.57
Buenos Aires	.62	.51	.49	(1)	(1)	.25	.35	1.00	1.57	.19	.33	.22
Canberra	1.47	.86	1.49	2.75	2.28	1.08	1.14	.96	1.31	.53	1.63	.65
Copenhagen	4.73	2.20	2.61	3.13	2.63	1.03	1.17	1.57	1.63	.39	2.20	.98
London	3.13	1.43	1.76	1.41	2.12	.68	.84	.66	.92	.21	1.59	.48
Mexico City	1.27	1.16	1.38	2.94	1.70	.76	.91	1.85	3.03	.30	1.40	.18
Ottawa	2.21	1.14	2.13	2.00	1.56	.88	.75	1.04	1.51	.55	1.58	.67
Paris	3.24	1.66	1.92	3.13	1.88	1.08	.94	1.62	1.76	.36	1.73	.46
Rome	3.36	2.06	1.88	2.61	1.53	1.08	1.13	1.82	1.52	.38	1.16	.14
Stockholm	4.31	2.07	2.53	3.28	2.79	1.13	1.39	1.49	1.83	.32	4.63	1.24
The Hague	3.65	2.50	2.17	2.18	3.39	.71	.77	1.39	1.72	.34	.99	.44
Tokyo	15.00	4.20	2.70	4.04	3.30	.90	.85	1.93	1.77	.64	1.60	.29
Washington	2.12	1.52	2.29	1.81	1.72	.66	.72	.91	1.91	.44	1.72	.92
Median	3.24	1.66	1.94	2.61	2.20	.88	.85	1.49	1.72	.38	1.59	.48

[1] Not available. [2] White onions.

true in the European and South American capitals, where prices have continued to rise.

With few exceptions, fruits and vegetables followed seasonal trends. Although tomatoes in the Washington area were nearing maturity on July 2, the price on that date was 39 percent greater than that of 2 months earlier.

By Sidonia R. Dicostanzo, FAS

FAS Food Price Survey—How It Works

The Foreign Agricultural Service conducts a survey of food prices on first Wednesdays of every other month in 15 commercially important world capitals. Prices are reported by U.S. Agricultural Attachés and by FAS in Washington.

Representative retail food stores are visited in each city, and average prices are constructed for each of the 18 requested items. This information is cabled to FAS in Washington, where the foreign prices and weights are converted to U.S. equivalents. Currency is converted on the basis of its actual value on the date of the survey, and this affects the comparisons over a period of time.

Food items in the summary are selected from the various categories essential to the diets of countries in the survey. Additions or deletions are made on the basis of U.S. market conditions and world consumption patterns.

ples	Oranges, dozen	Bread, white, pkgd.	Rice	Sugar
56	2.87	0.64	0.74	0.34
44	([1])	.46	.26	.13
34	.87	.27	.46	.28
17	.49	.23	.16	.26
28	1.27	.39	.30	.17
49	2.16	.54	.51	.27
51	1.72	.21	.42	.32
25	.46	.28	.38	.08
57	.95	.31	.51	.24
07	1.89	.78	.36	.26
35	.79	.41	.29	.32
57	2.15	.77	.53	.35
31	1.00	.26	.43	.28
57	1.71	.41	.33	.47
9	1.54	.48	.44	.24
9	1.40	.41	.42	.27

Malaysia May Expand Its Herds

Malaysia's expanding livestock industry is the subject of an active debate in Government and academic circles concerning future development. Some believe the beef side of the livestock industry should be stressed, while others favor a buildup of the dairy industry.

In view of the size of the country's annual import bill for dairy products and the uncertain long-term world supply situation, it may be more practical to opt for dairy production and let the beef side of the industry develop as a byproduct, in the opinion of some observers.

Dairy farming as practiced in Western countries is nonexistent in Malyasia. The tropical environment and hazards have, up to now, discouraged even modest commercial dairying or cattle ranching. However, there has been an increase in research activity related to pastures, forage crops, and development and utilization of various byproduct feed ingredients now virtually unused.

Malaysian dairy farming is primitive. On the West coast of the peninsula, it is carried out by Indian herdsmen residing in suburban areas and Indian laborers working on plantations who keep a few head of cattle for milk, graze them along the roadsides, and sell the milk in the neighborhood or in the restaurants of urban areas.

Malaysia's Indian community is the largest consumer of domestic fresh milk. Other ethnic groups prefer reconstituted milk in various forms, especially sweetened condensed milk processed by companies that import established brands of milk products. Imports of dairy products are valued at about $34 million annually, of which milk in various forms comprises the largest single item.

Of the total cattle population of about 328,000 head, about 80 percent are draft oxen and 20 percent milk animals. Ten years ago, the total was 300,000. Domestic fresh milk production is estimated at about 4 million imperial gallons annually, but no official data are available.

There are about 310,000 goats, but production of goat's milk is probably negligible and is consumed by the growers' families.

Despite the natural handicaps confronting establishment of a commercial cattle industry, the Government in recent years has placed considerable emphasis on development, upgrading, and expansion of the domestic livestock industry. To help spearhead development of a viable industry, the Government has established the National Livestock Development Corporation (Majuternak), and has assigned it the responsibility for planning, implementing, and administering cattle projects for beef and dairy.

Majuternak has seven projects in Peninsular Malaysia, each with 5,000-7,000 acres. Of these seven schemes, four are for beef-dairy operation, two for beef, and one for dairy. Majuternak has already imported about 3,000 head of cattle of various foreign breeds, mainly from Australia, but a few from the United States.

These cattle projects, which are in various stages of development, are primarily multiplication centers to service farmers with improved cross-bred cattle. They also supply limited amounts of high-quality beef to the various regional abattoir complexes that have been established through international cooperation.

". . . it may be more practical to opt for dairy production and let the beef side of the industry develop as a byproduct . . ."

Milk produced at the Majuternak dairy is bought by a Swiss company, pasteurized, packed in half-pint cartons, and retailed for about 20 U.S. cents per carton through larger retail outlets in urban areas. This price is beyond the means of most consumers, who continue to depend on milk locally reconstituted from lower priced imported skim milk powder.

—Based on report from Office of U.S. Agricultural Attaché Kuala Lumpur

Pakistani Cash Purchases of U.S. Farm Goods Set Record

By STANLEY W. PHILLIPS
U.S. Agricultural Attaché
Islamabad

PAKISTAN'S purchases of U.S. agricultural products set a record in 1974[1] and cash purchases also hit a new high. Commercial buying—bolstered by Moslem country credits—continued strong in 1975, but the 1976 picture is clouded with uncertainties relating to cash reserves.

Total U.S. agricultural exports to Pakistan amounted to nearly $170 million in 1974, of which $127.6 million was in commercial sales and $42.3 million was shipped under U.S. Government-financed programs. The year before the totals were: Commercial, $7 million; Government-financed, $87.2 million.

The forecast for 1975 is: Commercial sales, $100 million; P.L. 480, Title 1, about $71 million.

Pakistan's population growth, rising incomes and subsidized consumer prices caused wheat and edible oil requirements to outrace domestic production, making imports especially important. In 1974, Pakistan received sizable shipments of U.S. Title I, P.L. 480 wheat and soybean oil, but these were dwarfed by cash purchases.

U.S. agricultural exports to Pakistan generally exceed nonagricultural exports. Of total U.S. exports to Pakistan in 1973—amounting to $177.8 million—agricultural commodities accounted for $94.2 million. This 53 percent share was, however, 9 percent lower than in 1972.

In 1974, nonagricultural exports to Pakistan exceeded farm exports by $22.7 million and the agricultural share fell to 47 percent. U.S. nonagricultural imports from Pakistan average about $40 million annually and farm products generally do not exceed 10 percent of that amount.

Pakistan was able to finance its cash imports in 1974 because of improved foreign exchange earnings in 1973. Before the civil war began in 1971 and Bangladesh declared its independence, Pakistan shipped large amounts of rice, raw cotton, and cotton textiles to Bangladesh (then East Pakistan). This trade ended with the separation of Bangladesh and it was at first feared that the loss of the eastern wing would be a severe blow to Pakistan's economy.

Fortunately for Pakistan, world demand and prices of all three of these commodities strengthened in 1973. This enabled Pakistan to shift the direction of its commodity sales from its low-priced internal market to a high priced world market.

In 1974, for various reasons, the volume of Pakistan's raw cotton, cotton products, and rice exports declined sharply but, except for raw cotton, prices remained high. Nontraditional exports also climbed. As a result of export increases, foreign exchange earnings in 1974 were close to those of 1973, enabling Pakistan to end the year with only a tolerable deficit in its merchandise trade balance, despite increasing outlays for petroleum, fertilizer, and food.

Rescheduling foreign debt payments that are indirectly related to the 1971 war and the subsequent loss of East Pakistan has been helpful to Pakistan's economy in 1975, as well as extension of credits by the International Monetary Fund and various Middle East oil nations, particularly Iran.

The Iranian credit of $580 million—$280 million of which was disbursed last year—and other Mideast credits, permitted Pakistan to pay cash for much of its 1975 wheat and edible oil imports, despite the strain.

Pakistan's estimated trade balance in 1975 experienced serious excess of imports ($1,950 million) over exports ($1,015 million). For 1976, the outlook for increased exports is not favorable and price will be a strong determinant in programing food imports.

The U.S.-Pakistan agricultural trade balance is predominantly in favor of the United States. This was true before the separation, with the gap widening considerably in 1974. U.S. farm imports from Pakistan amounted to a shade more than $4 million in 1972 and $3 million in both 1973 and 1974, respectively. The composition of U.S. imports from Pakistan varies somewhat from year to year but usually includes raw wool, molasses, hides and skins, and minor amounts of raw cotton. Major imports in 1975 are expected to remain the same in value and kinds.

On the other hand, U.S. agricultural exports to Pakistan average better than $139 million annually, and revolve around wheat, soybean oil, and tallow. In terms of value these three commodities accounted for 77 percent, 97 per-

[1] **Unless otherwise noted, all years are U.S. fiscal year, ending June 30.**

Above, Pakistani cotton pickers near the city of Multan. Left, a wheat farmer sits in his field. Although Pakistan grows some wheat, it imports large quantities, much of it from the United States. Pakistan also ships minor amounts of raw cotton to this country as well as wool, molasses, hides, and skins. Major U.S. imports from Pakistan in 1975 are expected to remain the same in value and kinds.

cent, and 95 percent, respectively, of U.S. farm exports to Pakistan during 1972 through 1974. Because of shifts in quantities and rising prices, the combined value of the three rose from a little less than $100 million in both of the 2 earlier years to $161 million in 1974. Although U.S. wheat exports to Pakistan in 1974 were only slightly more than half the 1973 level, soybean oil tonnage doubled.

The decline in volume of U.S. wheat shipments was due to the nonavailability of large quantities of P.L. 480 grain. As a result, Pakistan entered the world cash grain market. In addition to the cash sales from the United States, Pakistan also turned to Canadian and European sources for commercial wheat purchases to fill the remaining wheat import gap.

Pakistan's 1975 wheat import requirements climbed to 1.5 million tons,[2] the U.S. share of which came to about 800,000 tons, some 300,000 tons above the 1974 level. Of this quantity around 465,000 tons were P.L. 480 shipments.

Anticipating a smaller crop in 1975 —because of water shortages—Pakistan is concerned that it may be necessary to increase wheat imports in 1976.

Imports of soybean oil have also risen because of lagging production of vegetable oil, principally from cottonseed. Soybean oil is preferred to imported palm oil, but some differences in the landed cost has given the import edge to the latter. For 1975, the Pakistani Government estimates import requirements at 204,000 tons, compared with 167,000 the previous year.

The U.S. share of 1975 Pakistani edible oil import requirements may be as much as 63,500 tons. About 48,500 tons of this would have represented cash sales, while about 15,000 tons consisted of P.L. 480 purchases.

With Agency for International Development (AID) financing, the United States supplies nearly all of Pakistan's tallow requirements for soap making. U.S. exports amounted to 52 million pounds in 1974, down from the 1973 level of 64 million, perhaps because of higher prices and AID loan limitations. U.S. quota shipments in 1975 climbed back to about 80 million pounds.

In 1974, when U.S. P.L. 480 programing was sharply reduced, Pakistan received 59,000 tons of wheat and 22,000 tons of soybean oil. Obliged to turn to cash markets, Pakistan imported 521,000 tons of wheat and 165,000 tons of edible oil, all for cash. The U.S. shares were respectively 261,000 tons and 43,550 tons.

Another 40,000 tons of U.S. wheat arrived under the World Food Program.

U.S. P.L. 480 wheat shipments to Pakistan were stepped up in 1975 to 465,000 tons, while Title I edible oil exports remained nominal at 15,000 tons. U.S. cash wheat sales reached the significant level of about 330,000 tons but cash sales of U.S. edible oils dipped to 9,000 tons. Asian palm oil has replaced U.S. soy oil since November 1974 because of lower landed costs. The 1976 wheat import requirement may reach 1.5 million tons, which will be met partly by U.S. P.L. 480 shipments and cash purchases. Edible oil purchases from abroad are forecast at 210,000 tons.

U.S. soybean oil will continue to face the strong competition of Asian palm oil for a share of this market.

[2] **All tons are metric.**

New Soviet Policy Seeks Increase in Soybean Crop

The USSR Council of Ministers has approved a decree instructing the Ministry of Agriculture to implement policies designed to increase Soviet soybean production.

Soybeans currently form a small part of total Soviet oilseed production despite their value as sources of oil and livestock feed. Total seeded areas and yields are low. Output averaged 395,000 tons on an average area of 2.1 million acres over 1971-74, with an average yield of 6.8 bushels per acre, about one-fourth of U.S. yield.

Soybean culture is concentrated in the Soviet Far East, an area in about the same latitudes as Washington State and southern British Columbia. Unfavorable climate, soil unsuitability, and the expense of land improvements are continuing major factors limiting the growth of soybean seedings and yields in the Soviet Far East.

The decree instructs the Ministry of Agriculture to direct research designed to improve existing soybean strains, to work out scientific methods of seeding and cultivating the crop, and to develop and produce the machinery necessary for soybean cultivation. The Soviets also plan to develop varieties of seed for planting in the European USSR and Soviet Central Asia.

The new decree represents a continuation and expansion of past intentions to increase soybean production. Despite frequent Soviet comment on the desirability of increasing soybean production, few resources have been devoted to improving seed strains or expanding seeded areas in the past.

Generous research funding will probably result in seed strains better adapted to the harsh soils and climate of the Far East, and State financing of support activities will lower farm costs and increase profitability associated with soybean culture. However, it is impossible to predict when the effects of increased investment will result in substantially increased output.

By Judy Goldich, ERS

Five Communes

Continued from page 6

about 35:65, with sugarbeets grown in the north and northeast and cane concentrated in the south, particularly in Kwangtung Province. No sugarbeets were sighted on the trip. Most of China's estimated 750,000 acres of sugarbeets were to the north or west of the areas visited.

In Kwangtung, with harvesting less than 2 months away, the cane fields looked good. At the Hua Tung Commune, cane was planted in January, and at the Lok Gang Commune, in February. Both communes started harvesting in December and continued through March. Cane in some other areas is autumn-planted and autumn-harvested, according to one official asked about cane planting regimes in south China.

Sugarcane is processed at harvest time and immediately afterward until all the harvested cane has been crushed. Communes have their own crushing facilities and process part of the cane crop, but at the Lok Gang Commune, at least, most of the cane was delivered to the Central Government for refining.

Production residues such as bagasse are used for fertilizer and for fuel, and the impression was received that powdered cane was used as feed.

Other industrial crops. Very little tobacco was observed in any of the areas visited. At the Hua Tung Commune about 60 acres were under tobacco, with some also grown on private plots. Workers generally are inhibited from growing their own tobacco, however, because of fuel costs and the facilities required for curing. For sun-cured and air-cured types, there are no such restrictions.

Tea was not observed close-hand—only on distant hillsides except at the Hua Tung Commune, where tea seedlings were planted close together in nursery-type plots and later transplanted to the hillsides.

No other significant industrial crops were observed, except for a wide variety of largely unidentified medicinal herbs grown both on commune fields and on private plots. Those plants are believed to be widely grown in China as dependable, substantially profitable crops.

Fruits. A highly important item in Chinese diet, fruit receives considerable production emphasis in China. In the Peking area, apples and grapes were observed growing at the Red Star China-Korea Friendship Commune. Here, about 370 acres were under fruit trees that produced enough fruit to permit deliveries of about 2,000 tons of fruit per year to the Peking market.

Orchards at this commune, shown with considerable pride, appeared well-tended and produced three types of apples, including so-called "banana apples." The orchard manager claimed that new trees bear after 5 years and average 1,100 pounds of apples per tree at 22 years, with a record of about 2,200 pounds of apples harvested from one tree.

Trees are sprayed 4-5 times a year. The worst pest is the red spider, or red mite—a point not further clarified. The productive life of trees extends to 50 years.

The subject of fruit production was not mentioned at either of the communes visited in the Shanghai area, and mentioned only in passing at one of the Canton-area communes. At the Lok Gang Commune, however, fruit production appears to be a primary function.

More than 30 varieties of fruit are grown at this commune—practically the entire range of tropical and subtropical fruits, with heavy emphasis on bananas, tangerines, pineapples, lychees, and olives. Also grown at this commune are pomelos, lemons, plums, pears, mangoes, walnuts, honey pineapples, and other lesser known fruits.

The Lok Gang Commune had about 10,000 acres under fruit trees—about one-third of its total area. Production of all fruits in 1973 totaled 10,500 tons—more than triple the pre-Liberation output of 3,000 tons.

Policy guidelines appear simple—adapt fruit cultivation to the existing natural conditions of the area. In this connection, there is less emphasis on "overcoming nature" than is the case with some other crops. Among the measures taken are the improvement of existing orchards by transforming slopes into terraces, enlargement of orchards through land reclamation—a move that results in addition of more than 160 acres of orchards each year, and application of scientific methods of combating insects. For example, a heating element on a tower at the edge of a tangerine orchard was designed to attract and kill insects.

Total area under tangerine trees was not learned, but trees were spaced about 500 to the acre, with average annual yields of 110 pounds per mature tree. Tangerines are picked in December, and harvesting begins 2 years after planting. Orchards are irrigated in the dry season (winter).

Bananas are grown yearround. Total production in 1974—an excellent year—was about 6,000 tons.

Pineapples are planted in two closely spaced rows, and may be harvested 2 years after planting. They produce for 6 years before replanting is required. The plants observed were heavily covered with insects, indicating a strong need for spraying.

Olive production at the Lok Gang Commune is for export as well as for domestic consumption. Last year was a bumper year for olives on the commune's 1,600 acres of olive trees. The crop was so bountiful that a large yard was completely covered with olives drying in the sun. The skins had been scored in a grinding machine and were heavily salted for preservation.

Vegetables. Very little specific information was obtained on vegetable production on the communes visited, but there was little difficulty in observing the vegetables that were growing nearly everywhere—in suburban areas, in private plots, and on land along dikes, paths, ditches, and roadways.

Vegetables are, of course, multiple-cropped in the extreme, with the length of the growing season at the various latitudes and altitudes the only apparent limitation. To override such limitations, large plastic-covered coldframe structures, already built or under construction, were commonly seen in the Peking area as winter weather approached.

At the July 1 Commune, the accumulated production of vegetables averaged 34 tons (fresh weight) per acre—nearly five times the level of production in 1950.

A continual flow of bicycle-drawn carts, each piled high with vegetables—particularly cabbage—was observed heading toward the center of Shanghai each day from the communes in the Shanghai area. Such traffic continued throughout the night so the produce would be ready for the early morning opening of the city markets.

CROPS AND MARKETS

TOBACCO

EC Expands Subsidies For Tobacco Exports

The European Community has expanded its export subsidy program for tobacco. East European countries and Egypt are now eligible destinations for subsidized exports of all German cigar tobaccos from the 1973 and 1974 crops. The export subsidy for these varieties remains equivalent to about 17 cents per pound (based on 1 unit of account = $1.35).

The subsidies for Italian burley and dark air-cured tobaccos have been increased to about 11 cents per pound; and a 43-cent-per-pound subsidy has been introduced for Italian cigar wrapper exports to Switzerland, Norway, Sweden, Canada, Spanish customs territory (which includes the Canary Islands), and East European countries.

The EC tobacco export subsidy program now covers most German and Italian varieties. The subsidy rates range from 11 to 43 cents per pound, according to variety. Eligible destinations for various varieties include virtually every significant tobacco-importing country outside the EC.

The Unted States is an eligible destination for subsidized exports of Italan oriental tobacco only, for which the rate of subsidy remains unchanged at about 10 cents per pound.

The export subsidy programs for the 1973 and 1974 crops are scheduled to terminate in December 1975 and June 1976, respectively.

SUGAR AND TROPICAL PRODUCTS

Jamaica Sets Coffee Plan

The Jamaican Coffee Industry Board has obtained a $1 million loan from a Japanese firm for coffee development. Half of the loan will be for development of the highly regarded Blue Mountain coffee, and the remainder for other types. The money provided to the grower must be used for establishing new coffee areas and not rehabilitating old areas.

Coffee Council Fails To Set New Agreement

The International Coffee Council ended 3 weeks of negotiations for a new international coffee agreement on July 13, but without final consensus on any textual provisions. Some progress was made by a specially formed contact group comprised of four consumers and three producers. The consumers were represented by the delegates from France, Sweden, the United Kingdom, and the United States; the producers by Brazil, Colombia, and the Ivory Coast (which represented OAMCAF, the African and Madagascar Coffee Organization). A consensus paper by the consumer group was also presented earlier in the meetings.

The major diversion of opinion among the producers is the allocation of market shares, and the years on which export quotas should be based.

The Council is scheduled to resume negotiations from October 27 to November 14, 1975, in London. If an agreement is negotiated at the time, it will not become effective before October 1, 1976.

Severe Frost Damages Brazilian Coffee Crop

On July 16, 17, and 18, a severe frost hit the coffee growing areas of Paranã, São Paulo, Mato Grosso, and parts of Minas Gerais in Brazil. Although assessments of the damage are still tentative, it appears that 50 percent or even more of the total 1976/77 coffee crop may be destroyed, including nearly 100 percent of the crop in Paranã.

Brazil was expected to produce 24-28 million bags of coffee in the 1976/77 crop year. The 1975/76 crop, which is now being harvested, did not sustain any damage. Brazil, which usually accounts for about one-third of total world coffee production, has suspended all green coffee exports for an indefinite period.

DAIRY, LIVESTOCK, AND POULTRY

Japanese Hog Slaughter Down

In the first 5 months of 1975, the number of hogs slaughtered in Japan was down 1.8 percent from the same period in 1974. Forecasts for the last 7 months of 1975 indicate another 3.3 percent decline. Thus, total slaughterings in 1975 are estimated at 15.3 million head, down 2.7 percent from 1974's.

If the smaller slaughter forecast and the current strong wholesale prices continue, the Japanese may extend the duty waiver on pork imports currently in effect through August.

EC Ups Egg Export Subsidy

The European Community Commission has increased the EC's export subsidy on shell eggs (other than for hatching) for export to third European countries from 6 to 12 units of account per 100 kilograms. The new subsidy level now stands between 11 and 12 cents per dozen, depending on the exporting country. The new subsidy took effect August 1.

On July 7, the subsidy was increased by a similar amount on eggs exported to Jordan, the Arabian Penninsula, Persian Gulf countries, and non-European third countries.

Japan's Wool Usage, Imports Plummet

Consumption of wool in Japan declined 42 percent in 1974, to 201,261 metric tons. Since the woolen industry entered the year with high stocks, the quantity imported fell even more, 52 percent, and totaled 179,625 tons. Since demand

has started to recover in 1975 and stocks are at a more normal level, both consumption and imports are expected to recover.

Japan's imports of mohair fell catastrophically from 594 tons in 1973 to 35 tons in 1974. Imports in the first 5 months of 1975 were 37 tons.

COTTON

India Sells Cotton To Japan, Hong Kong

According to foreign press reports, an Indian sales mission has signed contracts for trial shipments to Japan and Hong Kong totaling 2,600 bales (480 lb net) of surplus Indian medium-long to long-stapled cotton valued at 6 million rupees (about $120,000). If the trial shipments prove satisfactory, larger orders are expected to follow in several Far Eastern countries.

At present production levels, such exports could become permanent, according to the sales mission chairman, unless the Indian textile industry can absorb larger amounts of those cottons for low-priced domestic textile consumption. The sales mission is expected to make a similar trip to Europe.

U.S. Cotton Exports to PRC Near 300,000-Ton Level

The United States shipped 50,000 running bales of cotton to the People's Republic of China (PRC) during the week ending July 6, 1975, bringing total 1974/75 U.S. cotton exports to the PRC to 297,000 bales through that date. Another 9,000 bales have been sold but not yet shipped, so total exports to the PRC during the 1974/75 marketing year may be about 306,000 bales.

The PRC normally is not a large importer of cotton, but imports reached about 1.8 million bales during each of the past 2 years as internal use increased and yarn and textile exports also rose. U.S. exports to the PRC were 541,000 bales and 820,000 bales during the 1972/73 and 1973/74 marketing years, respectively. Exports had been expected to exceed 306,000 bales during the 1974/75 season, but early in calendar 1975 the PRC negotiated for the cancellation of 233,000 bales, paying the difference between the contact price and the current price plus carrying charges.

Brazil's Cotton Production and Usage Down; Stocks Up

With harvesting nearly complete in south Brazil, the total 1974/75 cotton crop for both north and south is now estimated at 2,365,000 bales, compared with 2,650,000 for the previous year. The north Brazilian harvest that was completed last September accounted for 735,000 bales of the 1974/75 harvest and the south Brazilian crop accounted for the balance, or 1,630,000.

Brazil's stocks as of August 1, 1975, are estimated at 2.3 million bales. This is one-third larger than the relatively high level on August 1, 1974, and probably the highest level ever for Brazil. The stock accumulation was chiefly the result of export controls during the 1973 and 1974 crop years. Domestic utilization was at high levels during the past few years, and the Government restricted exports in order to assure an ample supply for domestic mills.

Government policy has been to encourage exports of cotton in the form of textiles rather than as raw cotton, and domestic mills are given priority for raw cotton supplies. This policy has been successful, and yarn and textile exports reached $126 million during calendar 1974. Brazil, however, has been affected by the world textile recession, and both raw cotton and textile exports are expected to be down substantially in 1975.

Brazil's total cotton offtake for export and domestic use is expected to be 1.5 million bales during the 1974/75 crop year compared with 1.7 million during the previous season.

Sudan Plans Expansion Of Textile Manufacturing

Sudan, the world's tenth largest raw cotton producer, is 3 years into an ambitious four-phase, 15-year cotton industrialization program designed to eliminate textile imports and eventually permit exports, first of yarn and cloth, and later of finished apparel. Two large spinning and weaving factories, with a total capacity of 105 million meters of cloth, have been operating in Khartoum for several years Twenty-seven other factories in various stages of implementation could eventually produce 75,000 metric tons of yarn (including over 50,000 metric tons for export) and 127 million meters of cotton cloth.

The program would save foreign exchange by eliminating the need for imports to meet growing domestic demand—Sudan now fills about half its cotton cloth needs from abroad—as well as earning badly needed exchange by exporting a higher proportion of its raw cotton in the form of more remunerative textiles. While some projects may not get off the ground because of financing and other problems, the plan as a whole is considered to be reasonable.

Even if the plan is fully implemented, as much as 600,000 bales of raw cotton (about 65 percent of forecast 1974/75 exports) will still be available for export. Sudan is the world's fifth largest exporter of raw cotton, and is second only to Egypt in production and exports of long-staple cotton.

FRUITS, NUTS, AND VEGETABLES

Major Citrus Producers Set Record in 1974/75

The citrus output of 24 major producing countries (comprising 80-85 percent of world production) reached a record 36.7 million metric tons in 1974/75, 3 percent above the 1973/74 total. Output of oranges climbed 3 percent, and lemons 15 percent, for new records. Grapefruit production declined by 5 percent compared with last year's.

The United States led all citrus producers with 13.1 million tons, followed by the Mediterranean region with 11.3 million tons, Brazil (São Paulo only) with 4.4 million tons, and Japan with 3.9 million tons.

The 24-country orange (including tangerines) crop is expected to increase to 30.3 million metric tons this season, compared with the 29.5 million tons produced in 1973/74. The expanded production is mainly the result of the record

9.8-million-ton U.S. crop, 10 percent above last season's, and the 4.1-million-ton Brazilian (São Paulo) outturn, 9 percent higher than last year's. Favorable weather in Florida and California throughout most of the season and new bearing acreage in Brazil accounted for the gains.

In the Mediterranean area production was down by 2 percent. Major declines in Italy, Israel, and Cyprus were only partially offset by a 51 percent increase in Greece. Spain's production was down slightly in 1974/75 but Egypt's production continued to rise.

Grapefruit production dropped to 3.2 million metric tons, the smallest crop since the 1970-71 season. The U.S. outturn of 2.3 million tons, which was 70 percent of the major producer total, declined 176,000 tons from last year's. Mediterranean area production was up slightly as a result of higher output in Israel. South Africa's production fell for the fourth consecutive year, but plantings are reportedly on the increase.

Lemon output is expected to be a record 3.1 million metric tons, 15 percent above the record set last year. The 1,024,000-ton U.S. crop, up 70 percent from the 1973/74 season, was the primary cause of the major-producing-country record. Mediterranean aea production, relatively stable in recent years, rose 2 percent as a result of higher Italian output.

GRAINS, FEEDS, PULSES, AND SEEDS

Drought Hits Honduran Grains

Important grain areas of Honduras are reportedly receiving no more than one-third of their normal rainfall. During the 1974/75 (July-June) season, Honduras imported 56,000 tons of grain, mostly wheat. With this year's production already expected to be lower, imports may increase as much as 25,000 tons over last year's.

Argentina Still in Wheat Market

The U.S. Embassy in Buenos Aires reports that, contrary to earlier news reports, Argentina has not withdrawn from selling wheat for export for the remainder of the 1974/75 (December-November) marketing year. Argentine trade sources estimate that the Argentine Wheat Board still has 500,000 metric tons of its 1974 crop available for export.

Thailand Sells Corn to Japan

Thailand has agreed to export 1.1 million metric tons of corn to Japan during July-June 1975/76. This quantity, about 15 percent of Japan's estimated import needs, represents 50 percent of projected Thai corn exports of 2.2 million tons and is a slight increase over Thailand's corn exports to Japan in 1974/75.

Frost Hits Brazilian Wheat

Brazil's 1975 wheat crop has been hit by the worst frost in the country's history. Brazilian officials are now estimating the upcoming wheat harvest at 3 million metric tons, down from the earlier estimate of 3.5-3.8 million tons but still up slightly from the 1974 output of 2.8 million tons. Wheat imported in 1975/76 (July-June season) could be above the 1.8 million tons imported in 1974/75.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	July 28	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	(1)	(1)	5.85
USSR SKS-14	(1)	(1)	(1)
French Milling [2]	3.95	+16	(1)
U.S. No. 2 Dark Northern Spring: 14 percent	5.13	+13	5.80
U.S. No. 2 Hard Winter: 13.5 percent	5.02	+ 3	5.31
No. 3 Hard Amber Durum	6.12	+24	7.39
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	3.95	+11	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.48	+33	3.79
French Maize [2]	3.42	+32	(1)
Argentine Plate corn	4.18	+ 8	3.98
U.S. No. 2 sorghum	3.06	+30	3.50
Argentine-Granifero sorghum	3.07	+29	3.56
U.S. No. 3 Feed barley	2.48	+12	3.18
Soybeans:			
U.S. No. 2 Yellow	6.51	+26	9.88
EC import levies:			
Wheat	1.14	−24	0
Corn	.57	−23	0
Sorghum	.99	−24	0

[1] Not quoted. [2] Basis c.i.f. west coast, England
NOTE: Price basis 30- to 60-day delivery

Rain Helps Tunisian Grain

Recent rains have improved grain harvest prospects in Tunisia, and total grain production is now expected to equal the 1974 output of 1.1 million metric tons, 25 percent above the previous estimate. Production of wheat, Tunisia's most important grain crop, is estimated at 850,000 tons, slightly above the 1974 level.

Anticipated wheat imports for the 1975/76 season (July-June), which were earlier forecast at almost a half million tons, are now expected to remain at about the 1974/75 level of 275,000 tons. The United States supplied about 45 percent of Tunisia's 1974/75 wheat imports.

Drought Hurts U.K. Cereals

Despite recent rains the prolonged drought in northern Europe has severely hurt the 1975 cereal crop in the United Kingdom. The harvest has begun earlier than usual, and preliminary estimates indicate wheat production may be as much as 1.4 million metric tons below the 1974 level of 4.7 million tons. Barley production, which earlier was expected to approximate the 1974 harvest of 9.1 million tons, now may be as much as 1.9 million tons below 1974.

Decreased production of wheat and barley will probably be compensated for by larger imports. The wheat-import estimate now stands at 3.9 million tons, about 1 million tons more than previously anticipated, and barley imports, at 750,000 tons, are 250,000 tons above earlier estimates.

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Yugoslav Beef Problems May Affect Corn Imports *Continued from page 3*

given time, this scheme could improve the situation dramatically.

The Yugoslav cattle population increased by approximately 6 percent in 1974 to a total of 6 million head. This total comprises approximately 40 percent Simmental (dual-purpose breed), 40 percent Busa (indigenous dual-purpose breed of lesser quality), and 10 percent exotic breeds.

The exotic breeds are mostly European Black and Whites, Danish Reds, and a small but rapidly increasing number of American Holstein-Friesians. The Simmental and exotic breeds are found in the more fertile agricultural areas of Yugoslavia, whereas the Busa are located for the most part in the mountainous and less productive areas of the country.

Beef management practices in Yugoslavia are quite different from the various systems commonly used in the United States. The chief difference is that animals fed are multipurpose, rather than beef breeds.

In the Yugoslav system, the dairy cow is removed from the stanchion in the dairy barn at the end of lactation and moved to a maternity barn for calving. About 3 days after the calf is dropped, the cow is returned to the dairy barn and the calf moved to a nursery.

When the calves reach a weight of approximately 90-100 pounds, bull and heifer calves not intended as herd replacements are sent to feedlots, which consists of barns or sheds where the animals are stanchioned or tied in the feed line. Feeding consists of compounded ration—normally pelleted or cubed with a corn content as high as 80 percent—and fresh legume or hay as dictated by the season. The ration is fed through self-feeders.

The animals reach a slaughter weight of approximately 1,000 pounds with a minimum finish in 13-14 months—thus the name "baby beef." The chilled or frozen meat moves directly to market—either domestic or export.

Government emphasis on dairy production in recent years has given considerable impetus to this sector. At present, Yugoslavia is virtually self-sufficient in milk and dairy products. In 1974, for example, imports consisted of only 5,000 tons of nonfat dry milk—3 percent of the total milk and product consumption. Nevertheless, the country could utilize more milk and dairy products than are currently available.

At present, milk production is not expanding at the pace of previous years. A rise of just 2 percent is forecast this year, against a 6 percent increase in 1974. Farmers in the private sector are tending to decrease their output, while consumer demand is rising at an estimated rate of about 5 percent a year. Soaring production costs and modest selling prices of fluid milk in recent years have not provided a favorable climate for kombinats (large industrialized agricultural complexes) to enlarge their dairy herds.

Some of the more courageous kombinats, however, have been increasing milk production by importing American Holstein-Friesian dairy cattle, despite the widely accepted principal that cattle should be dual-purpose, preferably Simmental. The U.S.-origin cattle and their progeny are averaging in excess of 7,000 liters of milk per lactation, whereas the average for the Simmental is approximately 4,500 liters. Reportedly, the U.S. Holstein-Friesians are the only dairy animals that are currently returning a profit on the production of fluid milk alone.

A typical feedlot on a kombinat in Yugoslavia.

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